



California Department of Veterans Affairs

Veterans News

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News From the California Department of General Services

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SMALL BUSINESSES, TAXPAYERS REAP BENEFITS OF NEW STATEWIDE OFFICE SUPPLIES CONTRACT

Contract with Office Depot Cuts Costs; Provides New Opportunities for California Small and Disabled Veteran Businesses

SACRAMENTO— The California Department of General Services today announced a major breakthrough in the implementation of Gov. Arnold Schwarzenegger's recent executive order, which sets a goal of having at least 25 percent of all state contract dollars go to small businesses and a minimum of three percent to Disabled Veterans Business Enterprises (DVBEs).

Today's announcement of a new state contract for office supplies promises unprecedented, strong participation by small business and DVBEs, while reducing costs to taxpayers by nearly half.

In winning an open, competitive bidding process for the state's business, Office Depot has committed to a stunning 98% contract participation rate from small businesses and 34% from DVBE subcontractors. Almost all DVBEs are also small businesses.

"In 2005, DGS led the state in a major strategic sourcing initiative designed to make government purchases more cost effective, while ensuring that our state and our taxpayers get the best value for our purchasing dollars," said Ron Joseph, Director of the California Department of General Services. "By devising creative new ways to involve small businesses and DVBEs in their supply pipeline, this Office Depot contract achieves an amazing breakthrough that would have been considered impossible before strategic sourcing. Ninety-eight cents of every Office Depot contract dollar will flow through small business and DVBE vendors. It's a win for the taxpayers through cost reductions and a win for so many small businesses and DVBEs through higher participation rates."

The small businesses and DVBEs will serve as the contract's retail supplier network for orders placed by participating state and local government entities. In addition to exceeding the governor's mandate, the new contract also exceeds the 25% small business participation goal established in the previous office supplies contract originally awarded in 2001 and renegotiated under the strategic sourcing initiative in 2005.

At the same time, the new contract, with an estimated annual value exceeding \$11 million, is projected to save the state an average of 48 percent compared to what it has historically paid for comparable supplies --

everything from paper clips to calculators.

"California's continued commitment to small businesses and DVBES is mutually beneficial," said Joseph. "The business owners and the people they employ continue to grow and succeed, while the state continues to receive the best possible products at the best value and price."

In addition to significantly better prices, the new contract with Office Depot offers several other key benefits, including: discounts for online ordering, volume discount bonuses, fixed core-pricing for two years with no minimum floor price established for discounts, and enhanced expenditure tracking report capabilities for purchasers.

The new office supplies contract will run for two years, with an option of three additional one-year extensions. The contract will be used by all state Executive Branch agencies and departments. Other branches of government, constitutional officers, state universities and local governments can also take advantage of this competitively bid contract.

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